

**ACTUAL CASE STUDY REALTOR CLIENT FOR 2016
BASED UPON GROSS COMMISSIONS OF \$255K**

	<u>AS A SOLE PROP</u>	<u>AS A CORP</u>	<u>TAX SAVINGS ON ITEM BY ITEM BASIS</u>	
Gross commission	255,206	255,206		
"regular exps"	-103,314	-103,314		
SE INCOME NET OF "REGULAR" EXPS	<u>\$151,892</u>	<u>\$151,892</u>		
By paying yourself "fair and reasonable wages" you can:				
FICA/MC EXP savings	18,762	9,180	-9,582	
FICA/MC expense	-9,381	-5,990	949	
Allows you to do a 401(k) plan and A MEGA retirement plan (DB) versus SEP (max allowed)	-28,502	-100,000	-28,000	
Allows you to put your medical exps thru the corp	0	-13,702	-3,837	
EXEMPTION reduced due to in creased income	-4,860	-8,100	-907	
SCH A DEDUCTION reduced due to increased income	-43,379	-47,405	-1,127	
Additional taxes due to AMT (Alternative Min Tax)	16,225	7,842	-8,383	
Additional increase to investment taxes	1,722	157	-1,565	
Minimal crossing over to diff bracket*			<u>-6,513</u>	
			-57,704	taxes savings at a straight 28%
Plus savings in IL personal taxes of	12,453	8,519	-3,934	
		Add't taxes involved with corp (IL 1120-s)	898	
		Add'l payroll taxes (unemployment)	502	
		Add'l tax prep fee	<u>1,100</u>	
	NET SAVINGS IN YOUR POCKET		\$ (59,138.00) !!!!!	

* not a straight 28% tax due to special tax rates on Capital Gains